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SUBJECT: AFRICA'S EMERGING ECONOMIC LIONS: MALLOCH-BROWN
CALLS FOR EU-STYLE ECONOMIC AND INSTITUTIONAL INTEGRATION

REF: 08 LONDON 1426

¶1. (SBU) Summary. Foreign Office Minister for Africa Lord Mark Malloch-Brown argued in a major June 9 speech that Africa should concentrate on "Africa first" in order to "use the opportunity of the (economic) crisis to speed up the process of regional integration" and give Africa's emerging economic "lions" a seat at the table in global discussions. African countries must "seize the nettle of integration - not global so much as regional" and make collective investments in building Africa-wide markets and institutions, through which Africa will build economies of scale, and regional institutions will advance democracy and accountability. Highlighting globalization's "huge but fragile benefits for Africa," Malloch-Brown also attempted to debunk popular theories that globalization has harmed Africa more than it has helped it and that Western development assistance is "Dead Aid." Malloch-Brown's speech is the UK Government's most clear policy statement that Africa's regional institutions are the most effective mechanisms to advance political stability and regional economic integration. End summary.

Strength in Economic and Institutional Integration

¶2. (U) In a major speech delivered in Mozambique on June 9, Foreign Office (FCO) Minister for Africa Lord Mark Malloch-Brown called for African countries to concentrate on "Africa first" in order to "use the opportunity of the (economic) crisis to speed up the process of regional integration." He began by outlining the four ways in which Africa had been hurt by the economic crisis: declining demand for and prices of key commodities, falling remittances, decreased international private capital inflows, and reduced international aid budgets. Acknowledging "Africa's political economy is in a more vulnerable condition," he argued African countries must "seize the nettle of integration - not global so much as regional - to create opportunity from crisis" through making a collective investment in building Africa-wide markets and institutions. He said, however, he was not making a "veiled" call for a united states of Africa, but an EU-style economic and institutional integration.

Aid is Not Dead, Regionalization Builds Markets

¶3. (U) Highlighting the need for continued assistance to Africa's social safety nets, Malloch-Brown's disputed former Goldman Sachs economist and author Dambisa Moyo's theory that "aid is dead" and Western governments should "move boldly into the post-aid era." He argued that human capital is developed through the health and education assistance Western

government provide and is the "launching pad for transformation in Africa."

¶4. (U) Through establishing economic regions, Malloch-Brown argued, Africa will "build the economies of scale necessary to create opportunities to stimulate the domestic private sectors and to keep attracting the external investment that brings jobs, businesses, and growth." He applauded the G20's additional pledge to the Africa Development Bank and the Southern Africa Development Community's (SADC) launch of its Free Trade Area.

Regional Institutions Advancing
Democracy and Accountability

¶5. (U) At the regional level, Malloch-Brown asserted, democracy and accountability trends are the most positive. Highlighting the positive role institutions like the African Union played in countering recent coups on the continent, he praised the work of the African Peer Review Mechanism and SADC's peer-to-peer democratic review process. He also highlighted the role conflict, or "bad governance," plays in destabilizing regional economies and hindering growth.

Africa First

¶6. (U) Through adopting "an even stronger sense of solidarity at home" - making "Africa first" - African countries and their people will reap the benefits of stronger regions in a globized world, Malloch-Brown said, and the "emerging African lions" will have a seat at the table in major global discussions.

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Comment

¶7. (SBU) Malloch-Brown's statements on regional integration draw heavily on the economic growth and political stability theories outlined in Paul Collier's "The Bottom Billion," often touted as the UK development and stability policy bible. His speech is the UK Government's most clear statement of support for Africa's regional institutions as the most effective mechanisms to advance political stability and regional economic integration.

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